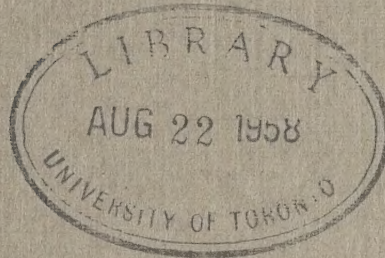


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COPY FOR MR. J. ALLAN ROSS

[Secretary's report]



HYDRO-ELECTRIC INQUIRY COMMISSION

GENERAL REPORT

THOROLD SYSTEM

JOSEPH H. W. BOWER
SECRETARY





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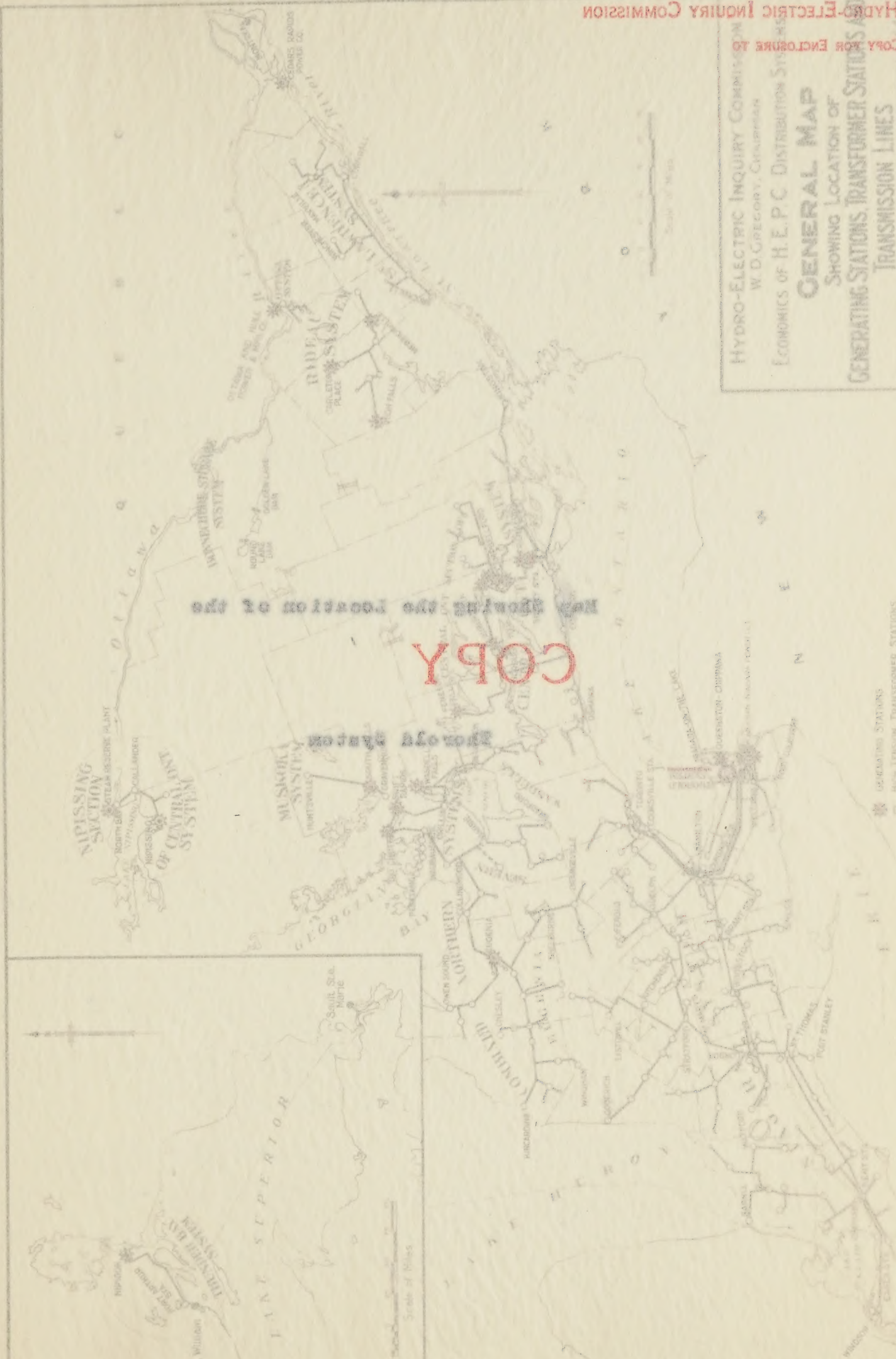
Hydro-Electric Inquiry Commission
U.S. Department of Commerce
Washington, D.C.
GENERAL MAP
Showing Location of
Operating Stations and Proposed Lines
Transmission Lines

THOROLD SYSTEM

COPY 903

EXHIBIT SYSTEM

COPY



COPY

Map showing the location of the

Hydro-Electric Inquiry Commission

HYDRO-ELECTRIC INQUIRY COMMISSION
 W.D. GREGORY, CHAIRMAN
 ECONOMICS OF H.E.P.C. DISTRIBUTION SYSTEMS
GENERAL MAP
 SHOWING LOCATION OF
 GENERATING STATIONS, TRANSFORMER STATIONS AND
 TRANSMISSION LINES
 Toronto, Feb. 10th, 1923. Made by J.E.G. Checked by J.E.G.
 WALTER FRANCIS & COMPANY

Hydro-Electric Inquiry Commission

COPY FOR ENCLOSURE TO

HYDRO-ELECTRIC INQUIRY COMMISSION

COPY FOR ENCLOSURE TO

Map Showing the Location of the

COPY

Thorold System



HYDRO-ELECTRIC INQUIRY COMMISSION
W. D. GREGORY, CHAIRMAN
ECONOMICS OF H.E.P.C. DISTRIBUTION SYSTEMS

GENERAL MAP
SHOWING LOCATION OF
GENERATING STATIONS, TRANSFORMER STATIONS AND
TRANSMISSION LINES

Toronto, Feb. 10th., 1923, Made by *W.D.G.* Checked by *L.R.H.*
WALTER J. FRANCIS & COMPANY
CONSULTING ENGINEERS

GENERATING STATIONS
HIGH TENSION TRANSFORMER STATIONS
LOW TENSION
MUNICIPALITIES SERVED BY H.E.P.C. WITHOUT LOCAL TRANSFORMER STATION.

INDEX TO SECRETARY'S REPORT

on the

THOROLD SYSTEM

Subject	Page
Letter of Presentation	
Historical Sketch	1
<u>Physical</u>	
General	7
Source of Power Supply	7
Transmission Line	8
Transforming and Distributing Station	8
Distributing System	8
<u>General Economics</u>	
Capital Investment	10
Accounts Receivable or Payable	11
Hydro-Electric Power Commission	11
Debentures issued by the Commission to cover Purchase Price of System	12
Reserve for Renewals	12
Reserve for Sinking Fund	14
Reserve for Contingencies	16
Balance Sheet	16
Results of Operation	17
Power Data	
Population Served and Percentage of Consumers to Population	21
Growth of Market	22
Horse-Power Developed	23
Power Situation	23
<u>General Relations</u>	
Relations between the Municipality of Thorold and the Commission	24
Relations between the Commission and the Province	24

LIST OF SUBJECTS

Page

Subject

Page	Subject
1	General
2	History of the Commission
3	Organization
4	General
5	General
6	General
7	General
8	General
9	General
10	General
11	General
12	General
13	General
14	General
15	General
16	General
17	General
18	General
19	General
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22	General
23	General
24	General
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99	General
100	General

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Page 10000000

INDEX (Continued)

Hydro-Electric Inquiry Commission
2000 Broadway, Suite 1000
New York, New York

Subject

Page

Summary

Capital Investment	27
Reserve for Renewals	27
Reserve for Sinking Fund	28
Reserve for Contingencies	29
Surpluses	29
Results of Operation	29
General Relations	30

Information in this report is based on data furnished by the Commission and its staff.

The report is divided into two parts. The first part contains a summary of the Commission's findings and recommendations. The second part contains a detailed description of the Commission's work and the data used in its report.

All figures used in this report have been carefully checked by the Commission and are believed to be accurate.

Very truly yours,
[Signature]

[Signature]

ENCLOSURE

Toronto, Ontario.
August 27th, 1923.

Hydro-Electric Inquiry Commission,
W. D. Gregory, Esq., Chairman,
Toronto, Ontario.

re: General Report - Thorold System

Mr. Chairman and Gentlemen:-

In accordance with your instructions, a general report on the Thorold System has been made, along the lines approved of by the Commission on January 2nd. The work has been done under my direct personal supervision as per your instructions.

The reports of Messrs. Price, Waterhouse & Company and Messrs. Clarkson, Gordon & Dilworth, together with the report on this system by the Commission's Consulting Engineer, Mr. Walter J. Francis, have been used in the preparation of this report. No public hearing was held in connection with this system.

The report falls naturally into two parts. The first part includes sections entitled "Historical Sketch", "Physical", "General Economics" and "General Relations". These sections are largely a recital of facts. The second part of the report entitled "Summary" is merely intended to direct attention to those points which appear to require special consideration by the Commission.

All figures used in this report have been carefully checked by a representative of Messrs. Price, Waterhouse & Company. Reports forming the basis of this report are appended hereto, and in order to facilitate reference to the documents in question, on the right-hand margin of the report throughout will be found abbreviated references.

Yours very truly,

John W. Brown
Secretary

Toronto, Ontario,
August 12th, 1922.

Hydro-Electric Industry Commission,
W. D. Gregory, Esq., Chairman,
Toronto, Ontario.

THE GENERAL REPORT - SUMMARY

Mr. Chairman and Members:

In accordance with your instructions, a general report on the general situation of the industry has been prepared by the Commission. The report has been prepared under my direct personal supervision as your agent.

The report is divided into three parts, the first of which is a general statement of the situation of the industry as a whole, the second of which is a statement of the situation of the industry in the various provinces, and the third of which is a statement of the situation of the industry in the various municipalities.

The report is divided into two parts, the first of which is a general statement of the situation of the industry as a whole, and the second of which is a statement of the situation of the industry in the various provinces and municipalities.

All figures used in this report have been carefully checked by a representative of the Commission, and are given in the report in the form of a summary of the figures as given by the various companies, and in order to facilitate reference to the figures in the report, the figures are given in the form of a summary of the figures as given by the various companies.

Very truly,
W. D. Gregory
Chairman

THOROLD SYSTEMHISTORICAL SKETCH

On October 24th, 1910, James Battle of the Town of Thorold in Welland County entered into an agreement with the Ontario Power Company for the purchase of power for distribution in certain territory in the vicinity of Thorold. The agreement specified the rates to be paid for power and recognised the sole right of James Battle to supply power to any industry in the territory specified. The agreement extended for a period of thirty years from May 1st, 1911. On April 29th, 1912, a supplementary agreement was made which increased the territory which was to be supplied through the Battle transmission lines and specified certain slightly increased rates to be paid for power sold by Mr. Battle in the added territory.

The Ontario Power Company agreed that within the territory, the limits of which were defined in the contract, it would not sell power to any consumer not at that date a customer, nor to anyone to whom it was not by law compelled to sell power, provided that the demand was for less than 100 horse-power. If the power required exceeded that quantity,

the Ontario Power Company was to give thirty days' notice in writing to James Battle concerning the proposed contract, and all possible assistance which he might request in securing the contract for himself, Mr. Battle agreeing to pay for such assistance rendered by the Power Company. It was also agreed WJF. p.4. that Mr. Battle should have the right, if he so desired, to take over and carry out any contract or contracts which the Ontario Power Company might thereafter secure to supply power within the specified territory, Mr. Battle agreeing to pay the total cost of the negotiations leading up to the signing of any contracts so taken over from the Power Company.

COPY

Any contracts made for the sale of power to railway companies, however, were not to be subject to these agreements.

The original and the supplementary agreements specified the following rates for various quantities of power which might be taken by James Battle:

Quantity of Power in H.P.		Rate per H.P. per annum Original Territory	Rate per H.P. per annum Added Territory	
From	To			
100	199	\$15.00	\$15.50	
200	299	14.50	15.00	
300	399	14.00	14.50	WJF.
400	499	13.50	14.00	p.5.
500 or more		13.00	13.50	
according to contract				

The primary purpose of this report is to provide information on the status of the project. The project is currently in the planning stage and is expected to be completed by the end of the year. The project is being managed by the Project Manager and is being funded by the Department of Defense. The project is being conducted in accordance with the Department of Defense policy on the use of force. The project is being conducted in accordance with the Department of Defense policy on the use of force. The project is being conducted in accordance with the Department of Defense policy on the use of force.

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Quantity of		Total	
Material		Cost	
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200	200	200	200
300	300	300	300
400	400	400	400
500	500	500	500
600	600	600	600
700	700	700	700
800	800	800	800
900	900	900	900
1000	1000	1000	1000

From this summary of the agreements and the prices at which James Battle could buy power from the Ontario Power Company, it can be seen that Mr. Battle's rights under these agreements were likely to become valuable as the demand for and cost of power increased.

James Battle proceeded to make contracts for the supply of power to various individuals and companies in the territory specified in his agreements, and by 1918 he was supplying the following customers:

WJF.
p.5.

St. Lawrence Paper Mills Co., Limited
Wm. G. Wilson & Company
The Oxymore Company
J. M. Constable
Pilkington Bros. Limited
Thos. Critelli
Thompson & Company
Gardner & Company

In 1918 the average quantity of power sold by the Ontario Power Company to James Battle amounted to about 707 horse-power. The Ontario Power Company also entered directly into contracts to supply power to the Ontario Paper Company and the Beaver Wood Fibre Company, which were located in Mr. Battle's territory. Mr. Battle did not take over the contracts to supply power to these companies, but it was mutually agreed between the Ontario Power Company and himself that royalties should be paid to him on all power furnished by the Ontario Power Company to these two manufacturers.

WJF.
p.6.

From this summary of the operations and the

prices at which power is sold the Board has concluded that the rates are reasonable. It has also found that the rates are not excessive and that the company is not overcharging the public. The Board has also found that the company is not undercharging the public.

James Smith presented to the Board the following

statement of the company's operations and the

prices at which power is sold. The Board has

received the following statement:

1. The company's operations are as follows:
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b. The company's operations are as follows:
c. The company's operations are as follows:
d. The company's operations are as follows:
e. The company's operations are as follows:
f. The company's operations are as follows:
g. The company's operations are as follows:
h. The company's operations are as follows:
i. The company's operations are as follows:
j. The company's operations are as follows:

In this statement the company has stated that

the company's operations are as follows:

The Board has found that the rates are not excessive and that the company is not overcharging the public.

The Board has also found that the company is not undercharging the public.

The Board has also found that the company is not overcharging the public.

The Board has also found that the company is not undercharging the public.

The Board has also found that the company is not overcharging the public.

The Board has also found that the company is not undercharging the public.

The Board has also found that the company is not overcharging the public.

The Board has also found that the company is not undercharging the public.

After the Commission had acquired the Ontario Power Company, it is stated that it came to the conclusion that it would be in the interests of the Commission, of the municipality of Thorold, and of the other municipalities in the district for the Commission to purchase Mr. James Battle's plant, contracts and rights, the intention apparently being that all would be eventually taken over and paid for by the municipality of Thorold at a later date. The files of the Commission disclose correspondence starting as early as 1907, requesting investigation of the power situation in Thorold, and in January 1918 the ratepayers voted in favour of the Hydro by-law.

COPY

In 1918 the engineers of the Commission made an appraisal of the system and estimated that the present worth of the royalties which would be paid on power sold to the Ontario Paper Company and the Beaver Wood Fibre Company during the twenty-three years of remaining life of the agreement amounted to about \$57,461.00. They placed the present value of the contracts with consumers and the sold power made available by the ownership of these contracts at about \$103,402.00. The value of the substation and distribution system they estimated to be about \$25,872.00. The total value placed on the whole system, including station and distributing line, contracts, franchises, goodwill and so forth, therefore, amounted to about \$186,735.00.

After the completion of the investigation

Power Company, it is stated that it came to the conclusion
that it would be in the interests of the Government of the
United States to acquire, and of the power companies in
the district, the transmission facilities in the
plant, conductors and rights, the investment is generally being
that all work of eventually taken over and paid for by the
Government of the United States. The cost of the
transmission facilities estimated at about \$100.
The Government's investigation of the power situation in the
area is currently \$100,000,000. The Government is now
Type 17-100.

COPY

In 1955 the Government of the United States was
negotiated of the design and construction of the power plant
at the rate of \$100,000,000. It is now being built in the
District of Columbia and the power plant is being built
The power plant is being built in the District of Columbia
located at about \$100,000,000. The power plant is being
at the rate of \$100,000,000 and the power plant is
available by the ownership of these contracts as about
\$100,000,000. The value of the investment is estimated
that the investment is about \$100,000,000. The power
plant is being built in the District of Columbia and the
power plant is being built in the District of Columbia
located at about \$100,000,000. The power plant is being
located at about \$100,000,000.

In a report to the Prime Minister of Ontario, dated October 2nd, 1918, embodying the above information, the Commission recommended that it be authorized to purchase Mr. James Battle's plant on behalf of the municipality of Thorold. The agreement between the Commission and Mr. James Battle, dated October 1st, 1918, was approved by Order-in-Council on October 23rd, 1918, taking over the business as at October 17th, 1918, and the purchase was completed on December 1st, 1918, when the Commission entered into possession of the system. The agreement received legislative sanction by 9 George V. Chapter 16, which also approved the Provincial guarantee of the Commission's bonds given in payment of the system. By this agreement, Mr. Battle transferred to the Commission his franchise and rights to furnish and distribute "electric light, heat, power and energy" in the Township and Town of Thorold, and his right to use and occupy highways in these municipalities for this purpose. His contracts with the consumers listed on page 3 were surrendered to and assumed by the Commission, as were also the contracts and agreements with the Ontario Power Company and its subsidiary The Ontario Transmission Company, Limited, for the supply of power to him. The complete plant, consisting of land, substation and its equipment, transmission lines, distributing system, etc., was also transferred to the Commission. The intention was in fact to transfer to the Commission the complete "Battle System" as a going concern.

WJF.
p.7.

In a report to the Board of Directors of the

Board of Directors dated 1911, containing the same information

the following information is set forth in connection with the

the Board of Directors' plans as respects the construction of

the same. The following information is set forth in connection with

the same. The Board of Directors dated 1911, and contains the same

information as set forth in the report of the Board of Directors

of October 1911, 1911, and the Board of Directors dated 1911

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agreements with the Board of Directors, the Board of Directors

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Page 10 of 10

Mr. Battle merely reserving to himself the cash, promissory notes, bills and accounts receivable, etc., to which he was entitled on December 1st, 1919.

The price paid to Mr. Battle for these various franchises, rights, agreements and articles, comprising the plant and equipment of the system, was in bonds of the Commission, guaranteed by the Province of Ontario, of the par value of \$100,000.00, dated December 1st, 1918, payable 40 years from the date of issue and bearing interest at the rate of 4 per cent. per annum payable half-yearly.

The Commission assumed control and took over the operation of the system on December 1st, 1918.

On December 20th, 1920, a standard form of contract was signed between the Commission and the Town of Thorold for the supply of power to the town by the Commission "at cost".

WJF.
p.8 & 9.

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CHICAGO, ILL. 60637

THE UNITED STATES OF AMERICA
DO hereby certify that
the within and foregoing is a true and correct
copy of the original as the same appears
on the records of the Department of the Interior
at Washington, D. C., this 1st day of
January, 1900.

The following information was obtained from the records of the Department of Health, Education and Welfare:

[REDACTED]

It is the policy of the Commission to keep the public informed of the progress of its work. To this end, the Commission has established a public information program. This program includes the following:

PHYSICALGeneral

The system consists of a short section of 12,000-volt transmission line from the junction with the Ontario Power Company's lines to, and including, the Thorold distributing station where the voltage is reduced to 2,300 volts, and power is sent over the distributing lines to supply the various customers of the system. In this respect it differs from most of the systems under the control of the Commission as the distributing station and local distributing system represent about 90 per cent. of the value of the tangible assets of the system, the transmission lines amounting to the remaining 10 per cent. of the value.

Source of Power Supply

There is no generating plant on the Thorold System, power being bought from the Ontario Power Company for transmission and distribution to the various customers of the system in the territory specified in the agreements between James Battle and the Ontario Power Company. The transmission lines of the Ontario Power Company must therefore be considered the immediate source of power supply, with the generating plant of the Ontario Power Company at Niagara Falls the primary source of the power used on the system. The Town of Thorold is about eight miles from Niagara Falls

WJF.
p.9.

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and thus within easy transmission distance at the generated voltage.

The town owns a small hydro-electric plant, taking water from the old Welland Canal and using it under a twelve-foot head to drive a 220 horse-power turbine to which is belted a 120-K.V., single-phase, 60-cycle, 2,400 volt generator. This plant is old, having been installed in 1888, and is still in operation. It has been recently overhauled.

Transmission Line

The transmission line of the Thorold System consists of about one mile of 12,000-volt line which runs from the junction with the Ontario Power Company's line to the Thorold System distributing station. This is a wooden pole line and presents no unusual features.

WJF.
p.10.

Transforming and Distributing Station

The station contains transformers of about 2,000 K.V.A. total capacity, which reduce the voltage from 12,000 to 2,300 volts, and the necessary switchboard and other equipment to control the distribution of the power to the Town of Thorold and to the private consumers on the system.

WJF.
p.10.

Distributing System

The distributing system consists of about nineteen miles of 2,300-volt line which carries the current to the consumers.

and that the same was the case with the other...

The first part of the report is devoted to a description of the work done during the year. It is divided into two main parts, the first of which deals with the work done in the field, and the second with the work done in the laboratory. The first part is divided into three sections, the first of which deals with the work done in the field, the second with the work done in the laboratory, and the third with the work done in the field. The second part is divided into two sections, the first of which deals with the work done in the field, and the second with the work done in the laboratory.

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The second part of the report is devoted to a description of the work done during the year. It is divided into two main parts, the first of which deals with the work done in the field, and the second with the work done in the laboratory. The first part is divided into three sections, the first of which deals with the work done in the field, the second with the work done in the laboratory, and the third with the work done in the field. The second part is divided into two sections, the first of which deals with the work done in the field, and the second with the work done in the laboratory.

The third part of the report is devoted to a description of the work done during the year. It is divided into two main parts, the first of which deals with the work done in the field, and the second with the work done in the laboratory. The first part is divided into three sections, the first of which deals with the work done in the field, the second with the work done in the laboratory, and the third with the work done in the field. The second part is divided into two sections, the first of which deals with the work done in the field, and the second with the work done in the laboratory.

Both the station and the distribution system are owned and operated by the Commission which here acts as a retail distributor and seller of power. There is only one municipality on the system, namely the Town of Thorold, which now has a contract for the supply of power from the system "at cost".

A map showing the location of this system forms the frontispiece of this report.

With the action and the situation of the
the system was changed by the Government and the
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COPY

GENERAL ECONOMICSCapital Investment

Under the terms of an agreement dated October 1st, 1918, which was approved by Order-in-Council, the Commission purchased the property and assets, known as the "Battle System" from James Battle of Thorold for \$100,000.00 which was paid by the issue of \$100,000.00 4% forty-year debentures of the Commission, guaranteed by the Province of Ontario.

The **COPY** properties acquired were taken up on the books of the Commission as follows:

Present value of sub-station and distribution system	\$25,872.41
Present worth of capitalized value of Commissions or Royalties receivable on certain power contracts	57,600.00
Capitalized value of existing power contracts and value placed on sold power available under contract to purchase power	<u>16,527.59</u>

Total of the above \$100,000.00

P.S.
P.S.

It will be observed from the above that only \$25,872.41 was assigned as the value of the tangible properties acquired and the balance of the purchase price, namely \$74,127.59, was represented by the capitalized value of contracts and the goodwill of the business as a going concern.

Since the acquisition of these properties, the Commission has made small additions to the system, costing \$2,076.98, which together with the purchase price makes a total investment of \$102,076.98 in the system at October 31st, 1922.

1922
Accts.

Accounts Receivable or Payable

At October 31st, 1922, the balance in the accounts receivable amounted to \$8,661.12 all of which was considered collectible by the Commission.

1922
Accts.

There was also an amount of \$1,318.76 owing to Thorold by the Commission representing the amount paid by it to October 31st, 1922, in excess of the cost of power supplied to it as provided to be paid under its contract with the Commission.

1922
Accts.

Hydro-Electric Power Commission

The balance of \$81,429.53 shown in the balance sheet on page 16 receivable from the Commission at October 31st, 1922, represents funds of the Thorold System deposited in the General Fund of the Commission.

1922
Accts.

Debentures issued by the Commission
to cover Purchase Price of System

As previously stated the Commission issued \$100,000.00 of its forty-year 4% debentures guaranteed by the Province in satisfaction of the purchase consideration of the system. These debentures represent in effect a long term advance made by the Commission to the Thorold System.

As an indication of the value of these bonds at the date of issue we have been informed by brokers that similar bonds of the Commission were being offered to the public at \$68.62 or on an approximately 6.2% yield basis. On the basis of this valuation the value of the bonds at the date of issue would be approximately \$69,000.00.

See
Memo
on
O.P.
Bonds

According to the terms of the issue no sinking fund provisions are required for the retirement of these securities, but on the books of the Thorold System a reserve has been made for sinking fund, as fully explained below.

Reserve for Renewals

The balance of the reserve for renewals account at October 31st, 1922, amounted to \$3,937.46 made up as follows:

Information received from the Commission
is being furnished to the Board of Directors

It is respectfully requested that the Commission
be kept advised of the progress of the investigation
and the results thereof. The Commission is
of the opinion that the investigation is being
conducted in a thorough and impartial manner.
The Commission is also of the opinion that the
results of the investigation will be of great
value to the Board of Directors.

As an indication of the value of these bonds
at the date of issue we have been informed by
certain banks of the Commission that the value
of the bonds at the date of issue was approximately
\$100,000.00. The value of the bonds at the date
of issue was approximately \$100,000.00. The
value of the bonds at the date of issue was
approximately \$100,000.00.

According to the terms of the issue no sinking
fund payments are provided for the retirement of these
bonds. The bonds are payable at the date of issue
and the value of the bonds at the date of issue
was approximately \$100,000.00.

REMARKS OF THE BOARD

The balance of the account for the bonds is
at present \$100,000.00. The balance of the
account is \$100,000.00.

Provided out of revenue from
December 1st, 1918 to
October 31st, 1922

\$3,692.98

P.W.
p.9.

Add - Interest less charges
against reserve

244.48

1922
Accts.

Total

\$3,937.46

The reserve is provided by an annual charge of $3\frac{1}{2}\%$ on the capital invested in lines and stations together with interest at the rate of 4% on the balance of the reserve account. The annual rate of $3\frac{1}{2}\%$ was arrived at on the basis of replacement cost of the physical properties determined as of the date of acquisition (December, 1918) and the life and residual values thereof have been estimated by the engineers of the Commission. This method of providing additions on the sinking fund basis is equivalent to a so-called straight line provision of approximately 5% on the properties for a period of twenty years. That is, while the annual provisions under the two methods differ in amount, either method would accumulate the required sum in approximately that period, provided no charges were made against such accumulation.

P.W.
p.9.

It is stated that it is a practice of the Commission to maintain each and every portion of the property in a condition to operate in accordance with the requirements of economical production which is stated to be about 75%

(Handwritten notes)

237 yards of an average of daily weathered limestone to

as good as its original new condition. In respect of the adequacy of the renewal reserve our Consulting Engineer states as follows:-

"The estimated useful life of the system may be considered to be somewhat less than half over, as it was largely built about 1912; and considering the reserve for renewals in relation to 25 per cent. of the depreciable capital investments which will have to be renewed from this fund at the end of its useful life, it is apparent that the reserve is sufficient. If the rate of 3.5 is continued and no charges made against this reserve, the amount to the credit of the reserve for renewals will in three years more exceed 25 per cent. of the depreciable capital. It would therefore appear that the percentage rate used in determining the amount to be set aside yearly for the reserve for renewals might with propriety be reduced without impairing the sufficiency of the reserve."

WJF.
p.30

It is interesting to note that in this case, the Commission have not followed the same policy as in other undertakings in reducing the renewal reserve.

Reserve for Sinking Fund

The balance in the reserve for sinking fund at October 31st, 1922, amounted to \$86,621.29. The reserve has been accumulated on the following basis:

1922
Accts.

2.56% (24 year basis (4% per annum) being the life of contracts taken over included in the valuation of the business) on	\$57,500.00
1.05% (40 year basis (4% per annum) being the life of the Bonds) on	42,500.00

T o t a l

\$100,000.00

The sums provided through inclusion in operating costs and from other sources are as follows:-

Included in cost of Operations -

For Provision for Sinking Fund -

December 1, 1918, to October 31, 1919	\$1,758.39
Year ending October 31st, 1920	1,918.25
Year ending October 31st, 1921	1,932.23
Year ending October 31st, 1922	1,940.06

P.W.
p.7.

Interest at 4% per annum 2,756.15

1922
Accts.

T o t a l \$10,305.06

Add-

Special appropriation out of
surplus added to sinking
fund reserve

76,516.23

Balance at October 31st, 1922

\$86,621.29

While a sinking fund is not required under the agreement of October 1st, 1918, relative to the purchase of the property by the Commission, nevertheless the Commission has provided reserves as set forth in the foregoing. At October 31st, 1922, the sinking fund reserve had not been invested in securities of the Province. In this connection, Mr. G. T. Clarkson states as follows in his report for the year ending October 31st, 1921:

"Under Section 15 of the Act sums received by the Commission from municipal corporations and others on sinking fund account are required to be invested by the Commission in securities of the Province of Ontario, and all interest accruing thereon; and such securities shall be delivered by the Commission to the Treasurer of Ontario as security for repayment of the advances made by the Province to the Commission. As no part of the revenue of the Thorold System was paid to the Commission by municipalities or others

P.W.
p.8.

for the purpose of meeting sinking fund instalments, the Commission has not invested the sinking funds of the system in securities of the Province of Ontario for delivery to the Treasurer of Ontario."

In addition to the above, sinking fund in the amount of \$290.12 has been collected from the municipality of Thorold as a part of the cost of power on a straight thirty-year basis, as applying to the proportion of the capital of the system allotted to it. This has been done in accordance with the terms of its contract.

Reserve for Contingencies

Up to October 31st, 1922, the Commission had not established a reserve for contingencies on this system and our Consulting Engineer states that while the value of the stations are comparatively small it would seem to be good policy to establish such a fund to meet any emergencies that might arise.

WJF.
p.33

Balance Sheet

A statement of Assets and Liabilities of the system at October 31st, 1922, is as follows:-

A S S E T S

Transmission Lines and Distribution System.	\$102,076.98	
Contracts, Franchises and Goodwill	8,661.12	
Due by Customers in respect of Power Accounts		
H. E. P. C. - Cash in hands of the Commission		
belonging to the System	<u>81,429.53</u>	
Total Assets	<u>\$192,167.63</u>	1922 Accts

for the purpose of meeting the needs of the community and the Government of the United States. The Government of the United States is the owner of the system and the Government of the United States is the owner of the system.

In addition to the above, the Government of the United States is the owner of the system.

It is the policy of the Government of the United States to provide for the needs of the community and the Government of the United States is the owner of the system. The Government of the United States is the owner of the system and the Government of the United States is the owner of the system.

ARTICLE IV

It is the policy of the Government of the United States to provide for the needs of the community and the Government of the United States is the owner of the system. The Government of the United States is the owner of the system and the Government of the United States is the owner of the system.

ARTICLE V

A statement of the Government of the United States is the owner of the system. The Government of the United States is the owner of the system and the Government of the United States is the owner of the system.

ARTICLE VI

The Government of the United States is the owner of the system. The Government of the United States is the owner of the system and the Government of the United States is the owner of the system.

Total: \$1,000,000.00

LIABILITIES

H. E. P. C. Bonds issued to cover Purchase Price	\$100,000.00
Balance due to Municipality of Thorold in respect of amount paid by it to October 31st, 1922, in excess of cost of power supplied to it as provided to be paid under terms of contract with the	
Commission	1,318.76
Sinking Fund Reserve -	
For Payment of the Purchase Price of the System	86,621.29
Collected from the Municipality of Thorold	290.12
Reserve for Renewals	<u>8,937.48</u>
Total Liabilities	<u>\$192,167.65</u>

COPY

Results of Operation

Power is supplied to the consumers of the Thorold System at fixed rates with the exception of the municipality of Thorold which has been charged with the actual cost of delivering power to it from the date of its contract with the Commission to October 31st, 1922.

The operating statement by years for the period beginning December 1st, 1918, to October 31st, 1922, is as follows:-

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The following statement is given for the period
 1900-1901, in relation to the year 1901, as
 follows:

The following statement is given for the period
 1900-1901, in relation to the year 1901, as
 follows:

P.W. 1922
Ex. II Accts.

Eleven Months

Particulars	Year ending October 31st,			
	Oct. 31, 1919	1920	1921	1922
Revenue from Sales of Power:				
Commercial	\$20,581.49	\$29,806.30	\$72,292.60	\$39,772.16
Municipality of Thorold			6,982.72	7,317.28
	\$20,581.49	\$29,806.30	\$79,275.32	\$47,089.46
Operating Expenses and Fixed Charges:				
Power Purchased	\$11,591.74	\$15,405.65	\$31,720.21	\$23,291.16
Operating, Maintenance and Overhead	1,839.78	1,991.36	961.34	1,463.73
Interest	3,671.45	3,859.50	3,317.40	4,110.08
Provision for Renewals	830.07	932.57	952.12	978.22
Provision for Sinking Fund	1,758.39	1,916.25	1,932.23	2,230.18
	\$11,691.43	\$24,107.33	\$39,083.30	\$32,073.36
Balance	\$890.06	\$5,698.97	\$40,192.02	\$15,016.10
Add: Commissions (or Royalties) received from the Ontario Power Company on power sold by it to power customers in the Thorold District	\$3,502.26	\$3,510.74	\$3,774.83	\$3,731.25
Net Profit	\$4,392.32	\$9,209.71	\$43,966.85	\$18,747.35

The net profits as above in the amount of \$76,316.23 have been appropriated to the sinking fund reserve by the Commission.

The following analysis is given of the revenue from

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sale of power to the Commission's customers for the year ending October 31st, 1921, showing the rates paid and the revenue received from each customer:

Customer	Year ending October 31, 1921		P.W. p.11
	Rate per H.P. or K.W.H.¢	Amount	
Doherty, Quinlan & Robertson, Limited Provincial Paper Mills Limited (2 meters)	\$ 37.00 .004¢ .008¢	\$62,497.73 5,639.60 3,653.22	
Pilkington Bros. Limited	18.00		
Thompson & Son	12.00 .0200¢ .0140¢ .0015¢	202.13	
W. A. Gardner & Company	20.00	100.00	
T. Critelli & Company	20.00	99.96	
The Dextrine Company	20.00	99.96	
Municipality of Thorold (Interim Rate)	22.25	6,982.72	
Total -		\$79,275.32	

From the above it will be noted that the majority of the load on this system is taken by Doherty, Quinlan and Robertson, contractors on the Welland Ship Canal. It will, therefore, be noted that as soon as the construction work on the Welland Canal ceases the load on the Thorold System will be decreased by the amount of power now being taken by these contractors.

As stated previously in this report the power consumed by this system is purchased from the Ontario Power Company at rates in accordance with the terms of contracts

in force at the date of acquisition of the system. The following is a comparison of the average cost of power per horse-power generated by the Ontario Power Company plant and the price paid by the Thorold System per horse-power for the power taken by it:

	Average Cost per H.P. for all power sold by the Ontario Power Company	Average Price Paid by Thorold	
11 months ending October 31, 1919	\$10.21	\$13.13	W.J.P.
Year ending October 31st, 1920	11.58	13.80	O.P.
Year ending October 31st, 1921	12.48	15.22	p.60
Year ending October 31st, 1922	15.10	14.64	Thor- old p.57

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From the above it will be noted that the price the Thorold System paid for power slightly exceeds the cost of generating by the Ontario Power Company for the whole period. However, there may be transmission factor that does not appear in the average cost shown above. It might be well to mention that the rates shown above for the Ontario Power Company are subject to slight changes owing to the readjustment of the renewal reserve made by the Commission as at October 31st, 1922.

The following table showing the subdivided costs per horse-power billed to the consumers on the Thorold System shows in what respects and to what extents the costs have varied during the period of operation up to October 31st, 1921.

in terms of the data as furnished by the system. The following is a comparison of the average cost of power generated by the various power companies and the price paid by the various power companies for the power used by them.

Average cost per M.F. hour all power sold by the various power companies		Average price paid by the various power companies	
1930	11.50	12.50	12.50
1931	11.50	12.50	12.50
1932	11.50	12.50	12.50
1933	11.50	12.50	12.50
1934	11.50	12.50	12.50
1935	11.50	12.50	12.50
1936	11.50	12.50	12.50
1937	11.50	12.50	12.50
1938	11.50	12.50	12.50
1939	11.50	12.50	12.50
1940	11.50	12.50	12.50
1941	11.50	12.50	12.50
1942	11.50	12.50	12.50
1943	11.50	12.50	12.50
1944	11.50	12.50	12.50
1945	11.50	12.50	12.50
1946	11.50	12.50	12.50
1947	11.50	12.50	12.50
1948	11.50	12.50	12.50
1949	11.50	12.50	12.50
1950	11.50	12.50	12.50

COPY

From the above it will be noted that the price paid by the various power companies for the power generated by the various power companies is the same as the price paid by the various power companies for the power used by them. This is the case for the years 1930 through 1950. The price paid by the various power companies for the power generated by the various power companies is the same as the price paid by the various power companies for the power used by them. This is the case for the years 1930 through 1950.

The following table shows the relative cost of power generated by the various power companies and the price paid by the various power companies for the power used by them. This is the case for the years 1930 through 1950.

together with the resulting surplus:

WJF.
p.37

	Year ending October 31st		
	1919	1920	1921
Power Purchased	\$24.13	\$20.03	\$14.23
Operating Costs	3.71	1.83	.50
Maintenance	.13	.76	.14
Interest	7.66	5.02	1.58
Reserve for Renewals	1.72	1.21	.43
Reserve for Sinking Fund	3.65	2.50	.85
Total Cost to System	\$41.00	\$31.35	\$17.54
Surplus from Sale of Power	1.85	7.42	18.03
Surplus from Royalties	7.29	4.56	1.70
Total Revenues	\$50.14	\$43.33	\$37.27

COPY

POWER DATA

Population Served and
Percentage of Consumers to Population

The district served by the Thorold System embraces the Town of Thorold and some consumers outside this municipality, but as far as population served is concerned this is practically limited to the population of the Town of Thorold, which was 5,514 in 1921. There are no rural lines on the system.

The following table gives in detail the number

of consumers in Thorold at the end of the fiscal year 1921, the approximate horse-power billed in that year, together with the average horse-power billed and the average horse-power per consumer:

Population in 1921	5,514
Consumers in 1921	1,094
Percentage Consumers to Population	19.8
Horse-power billed in 1921	379.3
Billed horse-power per consumer	0.35

WJR.
p.12

The average horse-power billed per capita in 1921 was 0.07.

If the power consumed by the companies and individuals supplied directly by the system be considered, these being all located in or very close to the Town of Thorold, the above figures are very largely increased and the averages are as follows:

Average of total horse-power billed by the system in 1921	2,083
Kilowatt-hours	7,123,680
Billed horse-power per consumer	1.95
Billed horse-power per capita	0.38
Kilowatt-hours per consumer	6,476
Kilowatt-hours per capita	1,290

Growth of Market

Since the Commission took over the Thorold System in 1918, the power consumed has varied greatly. There was a rapid increase from 950 horse-power in 1919 to 2,083 horse-power in 1921, followed by a decrease to about 1,650 horse-power in 1922. The records are not complete, but this decrease is largely due to the change in the contracts for the Welland Ship Canal, Sections 3 and 4. The variation is

at settlement in January at the end of the financial year 1961.

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II and the power of the law of the land

as follows:

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1. Training of the personnel

the island ship canal, sections 3 and 4. The condition is
described as follows: due to the change in the condition the
port-water in 1933. The water was not sufficient, but this
water-power in 1934 followed by a decrease in about 1,400
was a rapid increase from 700 horsepower in 1933 to 2,000
specimens in 1934, the power increased the water supply. They

to a considerable extent caused by the progress of the work on the construction of the canal. The firm of Boheny, Quinlan & Robertson, one of the former contractors, took an average of about 1,700 horse-power in 1921, and contributed about 77 per cent. of the total revenue for that year, while in 1922 they took about 970 horse-power and contributed about 58 per cent. of the revenue of the system. P. Lyall & Sons Construction Company, Limited, took over this work in 1922 and made a new power contract, the demand being only a few hundred horse-power during the balance of 1922. In 1923 it will probably be 1,800 horse-power or thereabouts. The sale of power on this construction work can of course be considered as only temporary, and will last only a few years longer. Neglecting this temporary increase in the load on the system due to the construction of the Welland Ship Canal, the growth of the load has been small, and, with the records available, impossible to determine with any degree of accuracy.

WJF.
p.12
& 13.

Horse-Power Developed

On page 17 of our Consulting Engineer's report is shown a table of horse-power purchased, consumed, billed, etc., for the years 1919 to 1922, inclusive.

Power Situation

The market for power is well covered, and, although much of the load is of a temporary nature due to the construction of the Welland Ship Canal, it is reasonable to assume that the more permanent type of load will continue to increase in a satisfactory manner.

WJF.
p.41

GENERAL RELATIONSRelations between the Municipality
of Thorold and the Commission

The only municipality served with power by the Thorold System is the Municipality of Thorold. The relation between the municipalities and the Commission in respect to this particular system resolves itself into the relation of the Municipality of Thorold to the Commission.

Although the system was acquired by the Commission in December, 1918, it was not until December, 1920, that the Municipality of Thorold entered into a contract for a supply of power at cost from the Commission. Prior thereto Thorold had purchased power at flat rates from the vendor of the system and subsequently from the Commission. The contract is of the same form obtaining on the Niagara System, viz: the Municipality of Thorold is added as a party to the original agreement between Toronto and other municipalities and the Commission, dated the 4th of May, 1908.

Relations between the
Commission and the Province

The relation between the Commission and the Province in respect to this system is not contemplated by the Power Commission Act. The assets of the system are not held by the Commission in trust for one or more municipalities; they are rather, in the words of the auditor, Mr. Clarkson,

"owned and operated by the Commission at its own risk". The Act does not provide for profit and loss on systems owned and operated by the Commission on its own behalf and not on behalf of the municipalities served.

The Commission has always taken the position that the guarantee of the Commission's bonds by the Province cannot be construed as an "advance" within the meaning of the Power Commission Act, and that its general provisions respecting sinking funds do not apply. As a matter of fact, the abnormal profits of the system during the two-year period ending October 31st, 1922, when 67% of its power load was taken by contractors on the Welland Ship Canal, have enabled the Commission to set aside a total of almost \$20,000 on sinking fund account. The possibilities of the construction placed upon the provisions of the Act can only be viewed in a proper perspective when it is remembered that profits are abnormal, obviously resulting from large power sales to a profitable but temporary customer. This view leads one to speculate on the situation had heavy losses obtained over a period of years.

It is clear that if the interests of the Province are to be adequately safeguarded some definite direction must be given by the Legislature as to the disposition of profit and loss on such systems as the Thorold System and as to the establishment of proper sinking fund as part of the cost of operation. Of course, the contention that the guarantee of the Commission's bonds by the Province is not an "advance" within the meaning of

"...and the interest of the Commission at the time." The
has been not provide the public and does an expense which was
operated by the Commission on the first night and was an effort
of the Commission to make.

The Commission has always been the feeling that the
operation of the Commission's bonds by the Province cannot be
assisted as an "advance" within the meaning of the Power Com-
mission Act, and that the general provisions respecting sinking
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Of course, the Commission has the guarantee of the Commission's
bonds by the Province as an "advance" within the meaning of

the Act is at best a technicality. The value of the Provincial guarantee is evidenced by the fact that the Commission has asked the Province to guarantee each and every bond issued by it, totalling \$11,526,000, in connection with its power undertakings.

There is no evidence that the original intention of the Legislature that all moneys invested in Hydro undertakings should be repayable during a thirty-year, or at most a thirty-five-year, period, has changed.

It is to be noted that in pursuance of its conclusion that the sinking fund provisions of the Act do not apply where the Commission's bonds are guaranteed by the Province, rather than the proceeds of Provincial bonds advanced in cash to the Commission, the Commission has not delivered the Provincial securities in which the sinking funds accumulated in respect of the Thorold System are invested to the Treasurer of Ontario pursuant to the provisions of Section 15(1) of the Act.

It is suggested that Legislation be enacted to safeguard the interests of the Province in cases where works are owned and operated by the Commission at its own risk without any collateral, municipal, contractual liability; and to declare the guarantee of bonds by the Province to be an "advance" and the works of the system to be "works" within the meaning of the Act.

It is noted that in paragraph 1 of the report of the Commission on the subject of the proposed amendment to the Electricity Act, 1947, it is stated that the Commission has considered the proposals and has concluded that they are not justified.

It is also noted that in paragraph 2 of the report of the Commission on the subject of the proposed amendment to the Electricity Act, 1947, it is stated that the Commission has considered the proposals and has concluded that they are not justified.

It is also noted that in paragraph 3 of the report of the Commission on the subject of the proposed amendment to the Electricity Act, 1947, it is stated that the Commission has considered the proposals and has concluded that they are not justified.

It is suggested that legislation be enacted to safeguard the interests of the Province in cases where water and land are acquired by the Province for the purpose of generating electricity and that the Province be empowered to do so.

S U M M A R YCapital Investment ("General Economics" p.10)

The total investment in the System as at October 31, 1922, amounted to \$102,076.98, made up of \$2,076.98 expended on the System since its acquisition by the Commission, the balance of \$100,000 representing the original purchase price. On the books of the Commission the original purchase price is represented by \$25,872.41 assigned as the value of the tangible properties and \$74,127.59 represents the capitalized value of contracts and the goodwill of the business as a going concern.

It would appear that at the time the Commission issued its 4% bonds guaranteed by the Province in respect of the purchase, that the cash value of the bonds at the date of issue was approximately \$69,000.

Reserve for Renewals ("General Economics" p.12)

The balance in the Reserve for Renewals account at October 31, 1922, amounted to \$3,937.46. Our Consulting Engineer in reporting on this matter states: "it would appear that the percentage rate used in determining the amount to be set aside yearly for the reserve for renewals might with propriety be reduced without impairing the sufficiency of the reserve." It is interesting to note that even with this condition obtaining, the Commission did not reduce the

GENERAL

General Remarks, p.13

The total investment in the system as at October 31, 1941, amounted to \$108,076.88, made up of \$8,076.88 expended on the system since its acquisition by the Commission, the balance of \$100,000 representing the original purchase price on the basis of the Commission's original purchase price is represented by \$88,873.41 assigned as the value of the surplus property and \$11,126.47 representing the surplus value of surplus property and the surplus of the business as a going concern.

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It would appear that at the time the Commission issued the 4% bonds guaranteed by the Province in respect of the purchase, that the cash value of the bonds at the date of issue was approximately \$88,000.

General Remarks, p.13

The balance in the General Fund account as at October 31, 1941, amounted to \$1,457.45. The Commission is satisfied that this amount is sufficient to meet the requirements of the Commission for the purpose of the purchase of surplus property. It is interesting to note that even with this surplus property, the Commission did not have the

renewal reserve as they have recently done in nearly all other undertakings.

Reserve for Sinking Fund. ("General Economics" p.14)

The Commission have used two bases for accumulating sinking fund and in addition have appropriated funds out of surplus account for the purpose of sinking fund reserve. In respect of capital to the extent of \$57,500, a 24-year basis has been used, and in respect of \$42,500 capital, a 40-year basis has been used. On the above bases the Commission had accumulated as at October 31, 1922, \$10,305.06, which includes all interest accretions. This, together with the special appropriation out of surplus account, brought the balance in the sinking fund reserve at October 31, 1922, up to \$86,621.29. These funds, we understand, have not been invested in securities of the Province. In this connection Mr. S. T. Clarkson states as follows in his report for the year ending October 31, 1921:-

"Under Section 15 of the Act sums received by the Commission from municipal corporations and others on sinking fund account are required to be invested by the Commission in securities of the Province of Ontario, and all interest accruing thereon; and such securities shall be delivered by the Commission to the Treasurer of Ontario as security for repayment of the advances made by the Province to the Commission. As no part of the revenue of the Thorold System was paid to the Commission by municipalities or others for the purpose of meeting sinking fund instalments, the Commission has not invested the sinking funds of the system in securities of the Province of Ontario for delivery to the Treasurer of Ontario."

P.W.
p.8

SECRET

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Personnel reserve as they have recently done in nearly all other

branches.

Security for the future. (Security Information)

The Commission have been two times for reorganization

since 1941 and in addition have experienced three out of
four years account for the purpose of sinking fund reserve. In

1941 it was decided to set aside a reserve fund

has been used, and in respect of \$45,000 applied, a 40-year

period has been used. On the above basis the Commission had

accumulated as at October 31, 1945, \$10,555.00, which has

been all interest on the fund. This, together with the

special appropriation of \$10,000,000, would be

available in the sinking fund reserve at October 31, 1945, at

\$20,555.00. These funds, as indicated, have not been

invested in securities of the Province. In this connection

Mr. A. L. Macdonald stated as follows in his report on the

Investment Commission, 1944-45.

"Under section 13 of the Act then referred to

the Commission have received and are now

investing in various forms of securities as

authorized by the Commission in accordance with the

provisions of the Act, and all investments

should be made in accordance with the

provisions of the Act, and all investments

should be made in accordance with the

provisions of the Act, and all investments

should be made in accordance with the

provisions of the Act, and all investments

should be made in accordance with the

provisions of the Act."

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In addition to the above amounts, sinking fund in the amount of \$290.12 has been collected from the Municipality of Thorold (which is on a power at cost basis) on a straight 30-year basis. (We are informed by the auditor that it is the intention of the Commission to invest these funds in securities of the Province for delivery to the Treasurer of Ontario.)

Reserve for Contingencies ("General Economics" p.15)

No reserve for contingencies has been established and our Consulting Engineer states that while the value of the stations is comparatively small, it would be good policy to establish such a fund to meet any contingencies that might arise.

Surpluses

Cash surpluses in the hands of the Commission, belonging to the System, as at October 31, 1922, amounted to \$81,429.53. As pointed out, over \$76,000 of this amount has been appropriated and credited to sinking fund reserve, and the balance represents reserves in respect of renewal account.

Results of Operation. ("General Economics" p.17)

To date the operating results of the System have been most satisfactory. From an analysis of the revenue account for the year ending October 31, 1921, it will be seen that of \$79,275.32 coming into the hands of the Commission in

in addition to the above amounts, totaling \$100 in

the amount of \$100.00 has been collected from the

at \$100.00 (which is on a power at cost basis) on a straight

30-year basis. [He was informed of the auditor that it is

the intention of the Commission to have the same in

operation of the system and utility in the future.

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REPLY TO THE COMMISSION (General Committee 1911)

No reserve for contingencies has been established and

and following figures were taken for the year 1911

system is approximately equal to what is paid for

operation and maintenance of the system.

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REPLY TO THE COMMISSION

Each company in the area of the Commission

paying to the system as follows: \$100,000 in

(\$1,000,000) is paid out, over \$100,000 of this amount has

been appropriated and retained in reserve fund, and

the balance represents reserve in respect of future

REPLY TO THE COMMISSION (General Committee 1911)

The date the operating revenue of the system have

been used satisfactorily. From an analysis of the revenue

shows that the operating revenue for 1911, as well as the

that of \$100,000 being into the hands of the Commission in

respect of revenue during this year, \$62,497.73 was collected from Deheny, Guinlan & Robertson, contractors on the Welland Ship Canal. It will be noted, therefore, that as soon as the construction work on the Welland Canal ceases, the load on the Thorold System will be decreased, and the revenue reduced unless new customers are obtained. The rate charged during the year ending October 31, 1921, on the contract with the above noted company was at the rate of \$37.00 per horse-power. The average price paid by the Thorold System for this power during the same year was \$15.22, consequently the profitable nature of this contract is very apparent.

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Over the whole system the revenue per horse-power in 1919 was \$50.14. This average rate was reduced in 1920 and again in 1921. In the last mentioned period the average rate to all consumers, including royalties earned, was \$37.27 per horse-power and the actual cost \$17.54, representing a net profit of \$19.73 per horse-power on all power sold during that year.

General Relations

The Town of Thorold is the only municipality on the System receiving power from the Commission. This municipality is on a power at cost basis and is under contract with the Commission on the same basis as the municipalities in the Niagara System, and all provisions of the Power Commission Act are being applied, insofar as its relation to the Commission is concerned.

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no following person was not allowed to meet with

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All works of the System not employed in serving the Municipality of Thorold are owned outright by the Commission and not held in trust by the Commission for any group of municipalities. Mr. Clarkson states that the system is "owned and operated by the Commission at its own risk." The Act does not provide for profit or loss on systems owned or operated by the Commission on its own behalf. While the System has shown very substantial profits during its operation, the question arises as to who would have assumed the liabilities had losses been incurred.

As guarantor of the bonds in respect of the purchase price, the Province **COPY** would necessarily be called upon to make good in case of default in the payment of interest and principal of the bonds, and it would appear, therefore, that the Province takes all the risks and receives none of the benefits. The Central Ontario System is owned outright by the Province and operated by the Commission; the Thorold System is owned outright by the Commission. Inasmuch as the Province guaranteed the bonds of the Commission to purchase the Thorold System, the liability of the Province in respect of the Thorold System is not essentially different from its liability in respect of the Central Ontario System.

If the operation of the System is to be continued as at present, legislation should be enacted to safeguard the interests of the Province and the works of the System should

be declared as works within the meaning of the Act. In the alternative the Thorold System might well be made part of the Niagara System, of which it now forms a part insofar as its geographical location is concerned. The Town of Thorold is at the present time being treated as though it were part of the Niagara System and there seems no just reason why the Commission should continue to operate the balance of the System as a separate entity.

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THE ALLIANCE FOR THE PROTECTION OF THE CONSTITUTION

WE BELIEVE IN THE CONSTITUTION OF THE UNITED STATES AS THE FOUNDATION OF OUR GOVERNMENT. WE BELIEVE IN THE RIGHTS OF THE PEOPLE AS GUARANTEED BY THE CONSTITUTION. WE BELIEVE IN THE SEPARATION OF POWERS AND IN THE CHECKS AND BALANCES. WE BELIEVE IN THE FREEDOM OF SPEECH AND OF THE PRESS. WE BELIEVE IN THE RIGHT OF PEACEFUL ASSEMBLY AND PETITION. WE BELIEVE IN THE RIGHT OF A FAIR TRIAL BY JURY. WE BELIEVE IN THE RIGHT OF LIFE, LIBERTY AND THE PURSUIT OF HAPPINESS. WE BELIEVE IN THE CONSTITUTION AS THE GUARANTEE OF THESE RIGHTS. WE BELIEVE IN THE CONSTITUTION AS THE FOUNDATION OF OUR GOVERNMENT. WE BELIEVE IN THE RIGHTS OF THE PEOPLE AS GUARANTEED BY THE CONSTITUTION. WE BELIEVE IN THE SEPARATION OF POWERS AND IN THE CHECKS AND BALANCES. WE BELIEVE IN THE FREEDOM OF SPEECH AND OF THE PRESS. WE BELIEVE IN THE RIGHT OF PEACEFUL ASSEMBLY AND PETITION. WE BELIEVE IN THE RIGHT OF A FAIR TRIAL BY JURY. WE BELIEVE IN THE RIGHT OF LIFE, LIBERTY AND THE PURSUIT OF HAPPINESS. WE BELIEVE IN THE CONSTITUTION AS THE GUARANTEE OF THESE RIGHTS. WE BELIEVE IN THE CONSTITUTION AS THE FOUNDATION OF OUR GOVERNMENT.

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